

TERMS AND CONDITIONS OF SERVICE (Cont'd)
Residential and Small Commercial Bill Form - Back

THE EQUAL PAYMENT PLAN IS A CONVENIENT WAY
TO BUDGET FOR YOUR ELECTRIC BILL

Some household expenses are fairly steady throughout the year. But your electric bill varies from month to month because your electric usage fluctuates with the changing seasons.

We can help you smooth out the ups and downs of your electric bills with our Equal Payment Plan.

With the Equal Payment Plan, we bill you a fixed amount each month based on your average yearly usage.

Your account is reviewed every six months to see that your budget payment is still as close as possible to your average use. In the twelfth month you'll receive a settle-up bill or credit.

Many of our customers are already taking advantage of the Equal Payment Plan. If it sounds like a good idea to you, simply contact us and we'll take it from there.

If you have any questions about this bill, the Equal Payment Plan, your electric service, or need information on how to efficiently use electricity, please call the office nearest you. Telephone numbers are listed at the right. When calling long distance or after business hours, please check your phone directory.

KENTUCKY POWER COMPANY

Ashland, Ky.	(606) 327-1100
Grayson, Ky.	(606) 474-9557
Williamson, W. Va.	(304) 235-2474
Hazard, Ky.	(606) 436-1212
Jackson, Ky.	(606) 666-7758
Whitesburg, Ky.	(606) 633-2337
Pikeville, Ky.	(606) 437-3799
Jenkins, Ky.	(606) 832-2010
Paintsville, Ky.	(606) 789-4611
Prestonsburg, Ky.	(606) 886-3050
Salyersville, Ky.	(606) 349-5119
West Liberty, Ky.	(606) 743-3870

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

DEC 21 1992

**PURSUANT TO 807 KAR 5:011.
SECTION 9 (1)**

(Cont'd on Sheet No. 2-11)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 24, 1992 DATE EFFECTIVE February 26, 1992

ISSUED BY C. R. BOYLE III PRESIDENT ASHLAND, KENTUCKY
NAME TITLE ADDRESS

Issued pursuant to Public Service Commission Regulation 807KAR5:006 effective February 26, 1992

Call 9H

ELECTRIC RATE SCHEDULE

RATE SQF

Cogeneration and Small Power Producer

AVAILABILITY

In all territory served by Company.

APPLICABLE

This Rate and the terms and conditions set out herein are available for and applicable to Company's purchases of energy only from the owner of qualifying cogeneration or small power production facilities of 100 KW or less (such owner being hereafter called "Seller") installed on Seller's property to provide all or part of its requirements of electrical energy, or from which facilities Seller may elect to sell to Company all or part of such output of electrical energy.

Company will permit Seller's generating facilities to operate in parallel with Company's system under conditions set out below under PARALLEL OPERATION.

Company will purchase such energy from Seller at the Rate, A or B, set out below and selected as hereafter provided, and under the terms and conditions stated herein. Company reserves the right to change the said Rates, upon proper filing with and acceptance by the jurisdictional Commission.

RATE A: Time-Differentiated Rate

- 1. For summer billing months of June, July, August and September, during the hours 9:01 A.M. thru 10:00 P.M. weekdays exclusive of holidays (on-peak hours), 1.512 cents per KWH.
- 2. For winter billing months of December, January and February, during the hours 7:01 A.M. thru 10:00 P.M. weekdays exclusive of holidays (on-peak hours), 1.533 cents per KWH.
- 3. During all other hours (off-peak hours), 1.420 cents per KWH.

Determination of On-Peak and Off-Peak Hours: On-peak hours are defined as the hours of 9:01 A.M. through 10:00 P.M., E.D.T. (8:01 A.M. through 9:00 P.M., E.S.T.), Mondays through Fridays exclusive of holidays (under 1 above), and the hours of 7:01 A.M. through 10:00 P.M., E.D.T. (6:01 A.M. through 9:00 P.M., E.S.T.), Mondays through Fridays exclusive of holidays (under 2 above). Off-peak hours are defined as all hours other than those listed as on-peak (under 3 above). Company reserves the right to change the hours designated as on-peak from time to time as conditions indicate to be appropriate.

RATE B: Non-Time-Differentiated Rate

For all KWH purchased by Company, 1.444 cents per KWH.

SELECTION OF RATE AND METERING

Subject to provisions hereafter in this Section relative to payment of costs of metering equipment, either Seller or Company may select Rate A, the Time-Differentiated Rate, for application to Company's said purchases of energy from Seller. If neither Seller nor Company selects Rate A, then Rate B, the Non-Time-Differentiated Rate, shall apply.

If neither Seller nor Company selects Rate A, and Rate B therefore is to apply to such purchases, Company, at Seller's cost, will install, own and operate a non-time-differentiated meter and associated equipment, at a location selected by Company, measuring energy, produced by Seller's generator, flowing into Company's system. Such meter will be tested at intervals prescribed by Commission Regulation, with Seller having a right to witness all such tests; and Seller will pay to Company its fixed cost on such meter and equipment, expense of such periodic tests of the meter and any other expenses (all such costs and expenses, together, being hereafter called "costs of non-time-differentiated metering").

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

JAN 1 1993

Date of Issue: December 1, 1992
Cancelling Second Revision of Original Sheet No. 22
Issued August 30, 1991

Issued By

R. M. Hewett

R. M. Hewett, Vice President
Lexington, Kentucky

Issued Pursuant To K.P.S.C. Order No. _____

Date Effective: January 1, 1993

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

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ELECTRIC RATE SCHEDULE

RATE LQF

Cogeneration and Small Power Producer

AVAILABILITY

In all territory served by Company.

APPLICABLE

This Rate and the terms and conditions stated herein are applicable and available only to any customer (hereinafter referred to as Customer or Seller as appropriate) who has qualifying cogeneration or small power production facilities over 100 KW installed on its property to provide all or part of its requirements of electrical energy, or from which Company may purchase all or part of Customer's output of electrical energy.

Company will permit Customer's generating facilities to operate in parallel with Company's system under conditions set out below under **PARALLEL OPERATION**.

Company will purchase from Seller energy at the Rate stated below, under the terms and conditions stated herein. Company reserves the right to change the Rate stated below upon proper filing and acceptance by the jurisdictional Commission.

CALCULATION OF AVOIDED COST

The methodology to determine avoided cost utilizes Energy Management Associated, Inc.'s PROSCREEN II and ENTEC Consulting, Inc.'s ENPRO-II models to simulate the planning period marginal cost difference between the Company's current optimal generation expansion plan and a plan including the project(s) and resultant unit delays.

Quantification of the demand component is accomplished by evaluation of each project's impact on the current expansion plan. Simulation of the associated revenue requirements is accomplished in PROSCREEN II Capital Expenditure And Recovery (CER) module.

Quantification of the energy component is accomplished utilizing ENPRO-II simulations of hourly production cost during the contract term. The project is specified as a zero-cost "must run" energy source to determine the marginal cost differences during the contract term.

A levelized annuity based on the contract terms is calculated from the marginal cost difference determined from the PROSCREEN II and ENPRO-II simulations.

SAMPLE RATE

In accordance with 807 KAR 5:054, Section 7(4) of the Kentucky PSC Regulations, the sample rates set forth below, shall be used only as a basis for negotiating a final purchase rate after proper consideration has been given to factors described in 807 KAR 5:054, Section 7(5).

The following table reflects the monthly avoided costs to a QF with capacity of 86 MW and an average availability factor of 80 percent. The actual resulting credits will depend on the contract length, capacity, and availability of the QF. The minimum capacity component is 1 MW.

<u>CONTRACT TERM</u>	<u>CAPACITY COMPONENT</u>	<u>ENERGY COMPONENT</u>	<u>TOTAL (¢/KWH ALL HOURS)</u>
5 YEARS	0.26¢/KWH	1.46¢/KWH	1.72¢/KWH
30 YEARS	1.51¢/KWH	1.52¢/KWH	3.03¢/KWH

DUE DATE OF BILL

Any payment due from Company to Seller will be due within 10 days from date of bill.

TERM OF CONTRACT

For a term to be negotiated and agreed to by both parties.

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

OCT 1 1991

**PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)**

Date of Issue: August 30, 1991
Cancelling Original Sheet No. 22.2
Issued October 8, 1984

Issued By
R. M. Hewett
R. M. Hewett, Vice President
Lexington, Kentucky

BY: *[Signature]*
Date Effective: October 1, 1991
PUBLIC SERVICE COMMISSION MANAGER

Issued Pursuant To K.P.S.C. Order No. ____

C 8-94

**KENTUCKY POWER COMPANY
UNDERGROUND SERVICE PLAN FOR RESIDENTIAL SUBDIVISIONS
DIFFERENTIAL COST SCHEDULE**

PRIMARY AND SECONDARY DISTRIBUTION SYSTEM

Charge - \$4.90 per foot of lot width

Credit for trenching and backfilling by application
\$2.75 per foot of lot width

SERVICE LATERALS

Charge - \$5.35 per foot of trench length

Credit for trenching and backfilling by application
\$2.75 per foot of trench length

REPLACEMENT OF USEFUL OVERHEAD SERVICE DROP

Charge - \$100.00 for each replacement in addition
to any underground differential costs

Effective June 1, 1993
Reviewed April 30, 1993

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

JUN 1 1993

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *Chas. D. Miller*
PUBLIC SERVICE COMMISSION MANAGER

C9-94